

Message Text

UNCLASSIFIED

PAGE 01 BRUSSE 06362 142133Z

64

ACTION L-03

INFO OCT-01 EUR-12 ISO-00 CIAE-00 PM-03 INR-07 ACDA-10

NSAE-00 PA-02 PRS-01 SP-02 USIA-15 TRSE-00 SAJ-01

EB-07 OMB-01 SS-15 NSC-05 H-02 /087 W

----- 051756

R 141629Z JUL 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 4433

INFO SECDEF/GENERAL COUNSEL

USCINCEUR VAIHINGEN GERMANY

CINCUSAREUR HEIDELBERG

DA/TJAG

CDR NATO/SHAPE SPT GP BE

USNMR SHAPE

UNCLAS BRUSSELS 06362

E.O. 11652: N/A

TAGS: MORG,CFED, BE

SUBJECT: TAX DIFFICULTIES WITH BELGIAN GOVERNMENT

REF: BRUSSELS 5944

SUMMARY: STATE DEPARTMENT ASSISTANT LEGAL ADVISOR FIELDS, DOD OFFICE OF THE GENERAL COUNSEL ALLEN AND EMBASSY OFFICER MET WITH BELGIANS JULY 11 TO DISCUSS THE APPLICABILITY OF THE TAX RELIEF AGREEMENT OF 1952 TO THE SPECIFIC QUESTION OF CERTAIN SHAPE LEASED HOUSING. CONSIDERABLE PROGRESS WAS MADE IN REVERSING BELGIAN POSITION MOST RECENTLY STATED IN REFTTEL. WORKING LEVEL BELGIANS AGREED TO WORK TOWARDS CHANGING ANNOUNCED BELGIAN POSITION AND ASKED FOR OUR ASSISTANCE IN DOING. END SUMMARY.

1. FIELDS, ALLEN AND EMBASSY OFFICER CALLED ON CISHIC PRESIDENT AMBASSADOR VERWILGHEN AND REPS FROM MINISTRIES OF DEFENSE AND FINANCE JULY 11. DISCUSSION BEGAN BY DRAWING OUT BELGIANS ON THEIR POSITION AND MAKING LEGAL COMMENTS UPON IT.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BRUSSE 06362 142133Z

BELGIANS WHO DID NOT HAVE LEGAL EXPERTS AT MEETING,

GRADUALLY CHANGED THEIR POSITION. WE POINTED OUT THAT US POSITION WAS BASED ON 1952 TAX RELIEF AGREEMENT, WHICH IS IN FORCE. WHILE IMPLICITLY ACKNOWLEDGING VIABILITY OF THE TAX RELIEF AGREEMENT, BELGIANS NOTED THAT HEART OF PROBLEM WAS THAT NONE OF BELGIUM'S OTHER ALLIED HAD SIMILAR AGREEMENT, AND THAT THEY FEARED POLITICAL AND PARLIAMENTARY REACTION IF THEY APPEARED TO GRANT USG CONCESSIONS THEY COULD NOT GRANT TO OTHERS. WE POINTED OUT THAT PROBLEM FOR USG WAS SIMILAR TO BELGIAN PROBLEM VIS-A-VIS CONGRESS IN THAT CONGRESS WOULD NOT ACCEPT PAYMENT OF TAXES TO BELGIUM ON COMMON DEFENSE EXPENDITURES WHEN SPECIAL BILATERAL AGREEMENT RELIEVED US OF THOSE TAXES.

2. UPSHOT OF DISCUSSION WAS THAT BELGIANS PRESENT AGREED TO RESTUDY PROBLEM AND SEEK TO CHANGE THEIR MINISTRIES' PREVIOUSLY TAKEN POSITIONS. IN SO AGREEING THEY ASKED FOR OUR ASSISTANCE. WE PROMISED TO FURNISH DETAILS THEY REQUESTED ON POSITION QUARTERS PRESENTLY AT ISSUE AND DISCUSSED SIMILAR CASES WHICH MIGHT ARISE AS RESULT OF LINE OF COMMUNICATIONS (LOC). (LOCALLY NSSG/JAD HAS BEEN APPRISED BY PHONE OF MEETING AND BELGIAN REQUEST AND WILL ASSEMBLE DATA ON HOUSING ISSUE IN DRAFT, WHICH EMBASSY WILL SEEK WASHINGTON APPROVAL FOR TELEGRAPHICALLY BEFORE FURNISHING TO AMBASSADOR VERWILGHEN.) BELGIAN IN AGREEING TO REOPEN DISCUSSIONS WITHIN MINISTRIES PROMISED THEIR BEST EFFORTS, ALL THE WHILE NOTING THAT THEY WOULD HAVE TO ACCOMPLISH "MIRACLE" TO ACHIEVE CHANGE SATISFACTORY TO US.

3. COMMENT: MEETING ACHIEVED CONSIDERABLE PROGRESS, BUT OBVIOUSLY TAX RELIEF ISSUE IS NOT YET RESOLVED. WE BELIEVE WE MUST ISOLATE THE IMMEDIATE HOUSING ISSUE, INCLUDING APPLICABILITY OF AGREEMENT TO LOC HOUSING FROM OTHER CURRENT PROBLEMS IN ORDER NOT TO OVERLOAD SMALL GROUP OF BELGIANS NOW WORKING ON OUR BEHALF. WE MUST ALSO AVOID GIVING ANY INDICATION THAT WE ARE TRYING TO TAKE ADVANTAGE OF SHIFT IN WORKING-LEVEL BELGIAN POSITION IN ORDER TO RAM THROUGH OTHER ISSUES. LOOKING TO THE FUTURE ON TAX RELIEF ISSUE, WE FORESEE SLOW AND DIFFICULT EVOLUTION OF BELGIAN POSITION OVER THE SUMMER AND INTO EARLY FALL (DELAY DUE DIFFICULTY OF REVERSING GOVERNMENT POSITION ALREADY TAKEN COMPOUNDED

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BRUSSE 06362 142133Z

BY SUMMER ABSENCES). WE PRESENTLY ESTIMATE THAT FINAL RESULT WILL BE FAVORABLE FOR: (A) 17 PLUS OR MINUS POSITON QUARTERS NOW AT ISSUE; (B) 20-25 FURTHER POSITION QUARTERS IN MONS AREA TO BE RENTED WHICH WERE CITED IN OUR MAY 12 NOTE (BRUSSELS 4250, MAY 13, 1975); AND (C) FOR LOC QUARTERS WHICH WILL BE REQUIRED (APPROXIMATELY 21). WE EXPECT BELGIANS WILL SET CEILING SEEKING TO PREVENT ANY FUTURE USG REQUEST FOR SIMILAR FACILITIES BEYOND THOSE CITED ABOVE.

DESPITE ANY CEILING WHICH MAY BE IMPOSED, WE ARE ENCOURAGED THAT BELGIAN CONCESSIONS ON THIS ISSUE COULD HAVE DESIRABLE IMPACT ON OTHER PROBLEMS IN TAX RELIEF AREA WHICH MAY ARISE IN FUTURE. WE BELIEVE THAT SOLUTION OUTLINED ABOVE MAY BE THE MAXIMUM OBTAINABLE ON IMMEDIATE ISSUE GIVEN POLITICAL PROBLEM EVEN SUCH A RESOLUTION WILL POSE BELGIAN GOVERNMENT VIS-A-VIS PARLIAMENT AND ITS ALLIES. WE WOULD HOPE THAT IF SUCH SOLUTION IS ARRANGED, IT WOULD BE ACCEPTABLE TO USG AS MATTER OF PRINCIPLE HAS BEEN PROTECTED, WITHOUT CAUSING BELGIANS TO REACT NEGATIVELY FOR THEIR OWN INTERNAL POLITICAL REASONS.
FIRESTONE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MILITARY BUDGET, GOVERNMENT EXPENDITURES, TAX RELIEF
Control Number: n/a
Copy: SINGLE
Draft Date: 14 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BRUSSE06362
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750243-0329
From: BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750756/aaaabyhc.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION L
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 BRUSSELS 5944
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 11 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 MAR 2003 by ThomasVJ>; APPROVED <22 MAR 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAX DIFFICULTIES WITH BELGIAN GOVERNMENT
TAGS: MORG, CFED, BE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006